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Attorneys for Plaintiff
MISSION CAPITAL WORKS, INC.

FILED
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CLERK, U.S. DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA
BY: CP DEPUTY

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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

MISSION CAPITAL WORKS, INC., a Washington corporation, Plaintiff, v. SC RESTAURANTS, INC., et al., Defendants.	Case No. '07 MC 0576 U.S.D.C (W.D. Wash.) Case No. C 07-1807 **NOTICE RE: FILING RECEIVER ORDER PURSUANT TO 28 U.S.C. §754 AND 28 U.S.C. §1692**

TO THE CLERK OF COURT:

Pursuant to 28 U.S.C. §754 and 28 U.S.C. §1692, Plaintiff MISSION CAPITAL WORKS, INC. submits the following documents for filing with the Court.

Exhibit	**Description**
"A"	Attached hereto as Exhibit "A" is a true and correct certified copy of the Order To Appoint Limited Receiver, entered November 9, 2007 by the U.S. District Court, Western District of Washington.

Exhibit	**Description**
"B"	Attached hereto as Exhibit "B" is a true and correct copy of the Complaint, filed November 7, 2007 in the U.S. District Court, Western District of Washington.
"C"	Attached hereto as Exhibit "C" is a true and correct copy of the Receiver's Bond.
"D"	Attached hereto as Exhibit "D" is a true and correct copy of the Receiver's Oath.

Respectfully submitted,

DATED: November 15, 2007

SAMPSON & ASSOCIATES

By: ______________________

Bryan D. Sampson, Esq.
Attorneys for Plaintiff
MISSION CAPITAL WORKS, INC.

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EXHIBIT A

EXHIBIT "A"

THE HONORABLE JAMES L. ROBART

FILED ENTERED
LODGED RECEIVED

NOV - 9 2007

AT SEATTLE
CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
BY DEPUTY

07-CV-01807-ORD

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

MISSION CAPITAL WORKS, INC., a Washington Corporation, Plaintiff, vs. SC RESTAURANTS, INC., a California Corporation, RICHARD SANG, an individual, RICHIE J.K. SANG, an individual, BROOKES J.H. SANG, an individual, SAMPSON RB, LLC, a California limited liability company, PATRICIA READ, an individual, GEORGE LEONG, an individual, and AMBER SANG a/k/a AMBER LAO, an individual, Defendants.	No. C07-1807 TSZ ~~[PROPOSED] EX PARTE~~ ORDER TO APPOINT LIMITED RECEIVER JLR

I hereby certify that the annexed instrument is a true and correct copy of the original on file in my office.
ATTEST: BRUCE RIFKIN
Clerk, U.S. District Court
Western District of Washington
By [signature]
Deputy Clerk

THIS MATTER came before the Court upon plaintiff's *ex parte* motion to appoint a limited receiver. Plaintiff Mission Capital Works, Inc. ("MCW"), appeared through its attorneys, David Ebel and Colin Folawn of Schwabe, Williamson, & Wyatt, P.C. Defendants SC Restaurants, Inc. ("SCR") and Brookes Sang appeared through their attorney L. Scott McLanahan. No other defendants appeared. The Court, having considered the pleadings, court

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records, and evidence submitted by plaintiff's counsel, finds as follows:

1. This Court has jurisdiction of this matter based on diversity of citizenship and the amount in controversy. Plaintiff Mission Capital Works, Inc. ("MCW"), is a corporation incorporated under the laws of the State of Washington having its principal place of business in the State of Washington. Defendants are individuals residing in the State of California or Oregon or corporations/LLCs with principal places of business in the State of California. The plaintiff has alleged damages, exclusive of interest and costs, that vastly exceed the sum specified by 28 U.S.C. § 1332;

2. In addition, jurisdiction exists due to the existence of a federal question, as plaintiff MCW brings this action, in part, under 15 U.S.C. § 78 and 18 U.S.C. §§ 1961–1968;

3. Venue is proper in King County, Washington, as set forth in the promissory note and merchant contract, copies of which were attached as Exhibit A to the declaration of Damon Maletta;

4. This Court has equitable power to appoint a temporary limited receiver, and it does so in accordance with the authority in FRCP 66, WDLR 66, 28 U.S.C. § 754, and 28 U.S.C. § 1651;

5. California attorney L. Scott McClanahan appeared telephonically on behalf of defendants SCR and Brookes Sang. Brookes Sang was also present telephonically;

6. Plaintiff made reasonable attempts to notify defendants Richard Sang, Richie J.K. Sang, Brookes Sang, and SC Restaurants, Inc., of the hearing of November 9, 2007;

7. As of October 31, 2007, Mission Capital Works, Inc. (MCW), has ~~a valid~~ alleged a claim against defendants in the amount of $1,263,786.32 under the Merchant

JLR

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Contract and Promissory Note;

8. Under the aforementioned agreements, MCW ~~is entitled~~ claims entitlement to an acceleration of the debt owed and has a security interest in all of defendant SCR's assets;

9. Plaintiff has provided evidence that SC Restaurants, Inc. (SCR), and personal guarantors Richard Sang, Richie J.K. Sang, and Brookes Sang ceased making regular payments on the first loan after September 2007, and no repayments were made on the second loan;

10. Plaintiff has provided evidence that upon receipt of the final loan installment, SCR changed its credit card processors without notifying MCW, at which point SCR ceased all payments to MCW;

11. Plaintiff has provided evidence that after receipt of the final loan installment, SCR, by and through its officers, employees, and constituents, ceased to return telephone calls and correspondence from MCW; and

12. Plaintiff has shown that appointment of a limited receiver is a reasonable method to investigate and preserve the *status quo* to ensure that there are assets to satisfy the claim in the above matter:

a. In the early 1990s, one of the guarantors, Richard Sang, plead guilty to making false statements in prior criminal proceedings relating to elaborate "bust-out" schemes where Sang defrauded lenders, skimmed money from restaurants, fraudulently misrepresented his business experience, fraudulently misrepresented the income of others, utilized numerous aliases, posed as a certified public accountant under an assumed name;

b. The evidence presented in the instant matter is ~~virtually identical~~ similar to the scheme previously employed by Richard Sang, and it is ~~imminently~~ reasonable to infer that prior notice of the appointing of a receiver would be likely to result in the disappearance of critical evidence or property; JLR JLR

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c. The appointment of a limited receiver is reasonable and necessary to investigate the assets of defendants SC Restaurants, Inc., Richard Sang, Richie J.K. Sang, and Brookes Sang, and to preserve the *status quo* in order to prevent the destruction, hiding, or squandering of assets.

It is, therefore, hereby ORDERED, ADJUDGED, and DECREED that plaintiff has provided evidence to the Court's satisfaction that a temporary limited receiver should be appointed, and the Court therefore GRANTS plaintiff's motion and appoints as temporary limited receiver (disinterested party) Ed Hostmann, Inc., 4500 SW Kruse Way, Suite 100, Lake Oswego, Oregon, 97035 (503.968.6542), for the benefit of and to protect the rights of the plaintiff herein, with the usual powers of such Receiver, as set forth below; it is further

ORDERED that the Receiver has authority to investigate the assets of defendants SC Restaurants, Inc., as well as the assets of the signatories to the promissory note and merchant contract: Richard Sang, Richie J.K. Sang, and Brookes Sang. The Receiver is to take action to preserve the *status quo*, but the Receiver shall not to operate the business of SC Restaurants, Inc., nor shall the Receiver liquidate assets. By granting the Receiver authority to preserve the *status quo*, the Court intends that the Receiver is to monitor all expenditures and transfers of SC Restaurants, Inc., Richard Sang, Richie J.K. Sang, and Brookes Sang. SC Restaurants, Inc., Richard Sang, Richie J.K. Sang, and Brookes Sang must submit to the authority of the Receiver before making expenditures and transfers, and the Receiver is further authorized to approve or disapprove any expenditures or transfers of SC Restaurants, Inc., Richard Sang, Richie J.K. Sang, and Brookes Sang that the Receiver believes to be out of order; defendants SC Restaurants, Inc., Richard Sang, Richie J.K. Sang, and Brookes Sang shall not take any action contrary to the Receiver's disapproval of expenditures or transfers; it is further

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ORDERED that plaintiff is to file a bond in the amount of $50,000. No further bond or oath will be required. The appointment of the Receiver will not become effective until the bond is filed; it is further

ORDERED that defendants are hereby ordered to appear at a Show Cause Hearing before the this Court on November 30, 2007 at 9:00 A.M. to show cause why this order appointing the Temporary Receiver should not be confirmed and converted into a Permanent Receiver. No later than November 28, 2007, the parties shall give notice to the Court and to counsel of record of any testimony to be elicited at the Show Cause Hearing scheduled for November 30, 2007. Discovery shall be permitted, and the parties are ordered to cooperate on all discovery issues. If the parties are unable to resolve discovery disputes, the parties are to file a one-page explanation of the nature of the dispute so that the Court may resolve it; it is further

ORDERED that plaintiff is to provide reasonable notice to all known creditors of SC Restaurants, Inc., Richard Sang, Richie J.K. Sang, and Brookes Sang.

ORDERED that the Receiver is authorized to forthwith take charge, enter into possession of the property of SC Restaurants, Inc., Richard Sang, Richie J.K. Sang, and Brookes Sang, and create an inventory of the property SC Restaurants, Inc., Richard Sang, Richie J.K. Sang, and Brookes Sang; it is further

ORDERED that, during the pendency of this action, all persons, except for the Receiver named herein, or his duly designated agent, are hereby enjoined and restrained from collecting any payments, profits, or other income, from SC Restaurants, Inc., Richard Sang, Richie J.K. Sang, and Brookes Sang for the purpose of investigating and maintaining the *status quo* as to their assets; it is further

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ORDERED that, upon the filing of the above-referenced bonds, the Receiver shall be authorized and empowered to:

1. Investigate all of the assets of SC Restaurants, Inc., Richard Sang, Richie J.K. Sang, and Brookes Sang;

2. Create and file an inventory itemizing all property of SC Restaurants, Inc., Richard Sang, Richie J.K. Sang, and Brookes Sang;

3. Have full access to the property, business, records, documents, and correspondence of SC Restaurants, Inc., Richard Sang, Richie J.K. Sang, and Brookes Sang;

4. Employ agents and employees as the Receiver believes, in his or her judgment, necessary to carry out his or her duties as Receiver;

5. Employ counsel to aid in the implementation of his or her duties under this and any future amended orders;

6. Do all things necessary to review and discover obligations ordinarily incurred by owners, managers, and operators of similar businesses and enterprises, and no risk or obligations so incurred shall be the personal risk or obligation of the Receiver, but a risk or obligation of the Receivership's estate, provided however that the income from the subject property may not be used for purposes other then as authorized by this Court;

7. Provide an oral accounting to plaintiff's counsel of all funds, records, or information discovered or obtained by Receiver;

8. Hold and retain all money which may come into his or her possession, custody and control by virtue of his appointment and not expend it for any other purposes authorized herein until further order of this court;

9. Prepare and deliver to all parties an initial and then quarterly interim

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statements of monies received and disbursed and of the Receiver's ordinary fees and expenses, including those of his or her employees and court-approved professionals, which statements shall be accompanied by notice which advises parties that any objections thereto must be made in writing within 10 days. Upon completion of an interim statement and mailing such statements to the parties respective attorneys of record or any other designated person or agent, the Receiver may pay from Receivership estate funds, if any, the amount of said statement owed to the Receiver. Despite the periodic payment of Receiver's fees and administrative expenses, said fees and expenses shall be submitted to the court for its approval and confirmation in the form of either a noticed interim request for fees, a stipulation among the parties or the Receiver's final account and report;

10. The Receiver and his or her counsel are further authorized to propound discovery, issue subpoenas, conduct depositions, record this order as a Receiver's Lien, and take any actions authorized by law to aid in the enforcement of this Court's orders;

11. In addition to all of the powers set forth herein, the Receiver is hereby vested with all of the general powers of Receivers in cases of this kind, subject to the direction of this court and the Receiver shall from time to time file with the court detailed reports and accountings pertaining to the contact of the Receivership and all monies received and expended by the Receiver or its agents;

12. The Receiver and the parties to this action may, from time to time, and upon due notice to the parties entitled thereto, petition this court for further instructions and for further powers necessary to enable the Receiver to properly perform his duties; and

ORDERED that SC Restaurants, Inc., Richard Sang, Richie J.K. Sang, and Brookes Sang and their respective agents, partners, managers, attorneys, employees, assignees,

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successors, representatives and all persons acting under, in concert with or for them:

a. Shall ~~turn over~~ Make available to the Receiver and direct all managers and other third parties in possession thereof to ~~turn over~~ Make available all keys, leases, books, records, books of account, ledgers, operating statements, budgets, real estate tax bills and all other business records relating to the subject businesses, wherever located, and in whatever mode maintained, including information contained on computers and any and all software relating thereto, as well as all banking records, statements and canceled checks; JLR JLR JLR

b. Shall ~~turn over~~ Make available to the Receiver all documents which pertain to all licenses, permits or government approvals relating to the property and shall immediately advise the Receiver of its federal taxpayer identification number used in connection with the operation of the subject businesses;

c. Shall immediately advise the Receiver as to the nature and extent of insurance coverage for the subject businesses. SC Restaurants, Inc., Richard Sang, Richie J.K. Sang, and Brookes Sang shall immediately name the Receiver as an additional insured on the insurance policies for the period that Receiver shall be in possession of the property. SC Restaurants, Inc., Richard Sang, Richie J.K. Sang, and Brookes Sang are prohibited from canceling, reducing, or modifying any and all insurance coverage currently in existence with respect to the subject businesses; and

e. SC Restaurants, Inc., Richard Sang, Richie J.K. Sang, and Brookes Sang, and each of them, and their respective agents, servants, employees, attorneys, partners, and all other persons in concert with them, shall immediately identify to the Receiver any monies (including, but not limited to, security deposits, prepaid rent, or funds in management bank accounts for any business) which represent rental or lease payments with respect to the property of SC Restaurants, Inc., Richard Sang, Richie J.K. Sang, and Brookes Sang, which are received, or have been received, by SC Restaurants, Inc., Richard Sang, Richie J.K. Sang, and Brookes Sang in possession of

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all records, books of account, ledgers and all other documents pertaining to operation of the property; and it is further

DONE IN OPEN COURT this 9th day of November, 2007.

United States District Judge

Presented by:

SCHWABE, WILLIAMSON & WYATT, P.C.

By: ______________________
David Ebel, WSBA #28853
Colin Folawn, WSBA #34211
Of Attorneys for Plaintiff Mission Capital Works, Inc.

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EXHIBIT "B"

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AT SEATTLE
CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
DEPUTY

SEA 13317 Summ. TSSU

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON

MISSION CAPITAL WORKS, INC., a Washington corporation, Plaintiff, v. SC RESTAURANTS, INC., a California corporation; RICHARD SANG, an individual; RICHARD J.K. SANG, an individual; BROOKES J.H. SANG, an individual; SAMPSON RB LLC, a California Limited Liability Company; PATRICIA READ, an individual; GEORGE LEONG, an individual; and AMBER SANG a/k/a Amber Lao, an individual, Defendants.	Case No. C07-1807 TSZ COMPLAINT 07-CV-01807-CMP

Plaintiff Mission Capital Works, Inc. (hereinafter "MCW"), a Washington Corporation, alleges as follows:

I. PARTIES

1.1 Plaintiff MCW is a Washington corporation with its principal place of business in Seattle, King County, Washington.

1.2 Defendant SC Restaurants, Inc. (hereinafter "SCR") is a California corporation with its principal place of business in Palm Springs, California.

1.3 Defendant Richard Sang is a resident of Rancho Santa Fe, California.

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1.4 Defendant Richard J.K. Sang ("Richie Sang") is a resident of Rancho Santa Fe, California.

1.5 Defendant Brookes J.H. Sang is a resident of Rancho Santa Fe, California.

1.6 Defendant Sampson RB LLC is a California Limited Liability Company with its principal place of business in Palm Springs, California.

1.7 Defendant Patricia Read is a resident of California.

1.8 Defendant George Leong, to the extent that he exists, is a resident of Portland, Oregon.

1.9 Defendant Amber Sang a/k/a Amber Lao is a resident of Rancho Santa Fe, California.

II. JURISDICTION

2.1 Jurisdiction is founded on diversity of citizenship and the amount in controversy and upon the existence of a federal question.

2.2 Plaintiff MCW is a corporation incorporated under the laws of the State of Washington having its principal place of business in the State of Washington. Defendants are all individuals residing in the State of California or Oregon or corporations/LLCs with principal places of business in the State of California. The matter in controversy exceeds, exclusive of interest and costs, the sum specified by 28 U.S.C. § 1332.

2.3 The action also arises under U.S.C., Title 15, § 78; and U.S.C. Title 18, §§ 1961 – 1968.

2.4 The parties contractually agreed to venue in this Court.

III. FACTUAL BACKGROUND

3.1 Plaintiff MCW is a financial lender.

3.2 In or about early March 2007, MCW was introduced to Richard Sang, Richie Sang, Brookes Sang, and SCR through a mutual acquaintance.

3.3 Richard Sang represented himself to MCW as the President of SCR. He and

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defendants SCR, Brookes Sang, and Richie Sang sought to borrow monies from MCW for operating costs and for a new venture they were purportedly about to undertake.

3.4 Richard Sang represented himself to MCW's President, Damon Maletta ("Maletta") as a restaurant legend who had owned over 100 restaurants.

3.5 In order to induce MCW into advancing and/or lending them monies, defendants SCR, Richard Sang, Richie Sang, and Brookes Sang made numerous other representations to MCW about their excellent and stable financial condition, extensive background owning restaurants, and their current business operations.

3.6 MCW relied on the representations and ultimately entered into two contracts with these defendants whereby MCW provided defendants $1,635,000 in exchange for a promise to repay the principal amount advanced plus interest.

3.7 The first representation to MCW by SCR and the Sang defendants related to the defendants' financial backgrounds. Richard Sang promised Maletta and MCW that defendants' Oregon CPA, George Leong, would provide MCW with all of the financial information needed to support the Merchant Applications for SCR and the Sangs.

3.8 On defendant Richard Sang's instruction, Cassandra Buss, MCW's Vice-President of Operations, telephoned the number for George Leong (hereinafter "Leong") provided to Mr. Maletta by Mr. Sang. She telephoned Leong in early March 2007, before any agreement to lend monies was reached.

3.9 Leong told Ms. Buss that he was the CPA for SCR and the Sang defendants.

3.10 Leong told Ms. Buss that the financial condition of SCR and the Sang defendants was excellent.

3.11 On information and belief, Leong provided fake tax returns and several pages of fake financial reporting to Ms. Buss.

3.12 Leong represented to Ms. Buss that Richard Sang, the purported President of SCR and one of the proposed personal guarantors, had annual income of six or seven million

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dollars from a royalty contract with the buyers of his restaurant chain, The Lyons.

3.13 The tax returns that Mr. Leong provided MCW purported to be the 2004 and 2005 U.S. Corporation Tax Returns for SCR (the "tax returns") prepared by Mr. Leong and submitted to the Internal Revenue Service.

3.14 For the year 2004, the following significant figures are represented on the SCR tax return provided to MCW by George Leong: gross receipts of $11,605,730; gross profit of $7,665,174; total income of $7,665,174; total corporate assets of $2,760,400.

3.15 For the year 2005, the following significant figures are represented on the SCR tax return provided to MCW by George Leong: gross receipts of $23,845,667; gross profit of $18,418,870; total income of $18,418,870; total corporate assets of $18,550,000.

3.16 Leong provided an SCR financial balance sheet showing similar assets and income.

3.17 MCW relied on the representations of Leong and the documents he provided.

3.18 Upon information and belief, the tax returns and financial documents provided by George Leong are fakes.

3.19 Upon information and belief, George Leong does not exist.

3.20 Upon information and belief, there is no Oregon CPA by the name of George Leong.

3.21 Upon information and belief, the man who spoke with Ms. Buss and provided SCR's background information was actually Richard Sang posing as George Leong.

3.22 Upon information and belief, George Leong is one of defendant Richard Sang's aliases.

3.23 MCW did not know, or have reason to know, that George Leong was a false identity until late October 2007.

3.24 In March 2007, before any monies were advanced by MCW, defendants Richard Sang, Richie Sang and Amber Sang met with Damon Maletta, his wife, and his

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business partner at Richard Sang's mansion in Rancho Santa Fe, California.

3.25 During that meeting, Richard Sang, Richie Sang, and Amber Sang made numerous representations to Maletta about their business and backgrounds. The representations are all believed to be false.

3.26 Richard Sang represented that he had a Masters in Business Administration from Harvard University and that he attended his Masters program on a scholarship from the Mariott family.

3.27 Richard Sang represented that he was a graduate of Notre Dame University.

3.28 Richard Sang represented that he owned seven Ferrari vehicles and numerous other high-end expensive vehicles.

3.29 Richard Sang told Maletta that he owned the mansion in Rancho Santa Fe and similar homes in Northern California, Arizona and Oregon.

3.30 Richard Sang told Maletta that he was owed $1.3 million from individual debtors.

3.31 Richard Sang gave Maletta a tour of his home, which included an in-home movie theater.

3.32 Richard Sang showed Maletta a DVD that toured SCR's numerous award-winning restaurants.

3.33 Richard Sang represented to Maletta that the SCR-owned restaurants, including the Stockton Mallards, were doing extremely well financially.

3.34 Richard Sang represented to Maletta that the Sang defendants and SCR were about to undertake a new venture through the Modesto Mallard's and Sampson RB LLC, that would net millions in profits.

3.35 Defendants Sang at no time informed Maletta that the Mallard's Restaurant in Stockton was in jeopardy of closing. They represented just the opposite.

3.36 Richard Sang did not disclose to Maletta that he had a prior federal criminal

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conviction for wire fraud (18 U.S.C. §1343), bank fraud (18 U.S.C. §1344) and false statements (18 U.S.C. §1014) in the State of Washington in connection with his prior restaurant ownership and fraudulent borrowing of monies.

3.37 Richard Sang did not disclose to Maletta that his prior fraudulent scheme included the use of an alias to pose as his own accountant and to present fake financial background information to lenders in order to induce them into lending him monies.

3.38 MCW was not aware of defendants' omissions, nor did it know or have reason to know that the materials provided by defendants Sang and/or George Leong were fake.

3.39 MCW reasonably relied upon the due diligence materials provided by CPA Leong and the representations made by defendants Sang.

3.40 MCW and defendants SCR, Richard Sang, Richie Sang, and Brookes Sang began negotiations for a lending relationship in early March 2007.

3.41 MCW ultimately entered into two separate contracts with SCR and the Sang defendants, each representing a separate debt owed by defendants SCR and the Sangs to MCW.

3.42 The first contract is the Merchant Contract that was entered into in March, 2007. The Merchant Contract contains multiple addenda that represent additional debt under the Merchant Contract.

3.43 Under the express terms of the Merchant Contract and addenda, MCW purchased 15% of SCR's daily credit card collections for its Stockton and Modesto Mallard's restaurants, and SCR assigned and transferred its daily credit card collections to MCW for purposes of daily collection until SCR re-paid the principal in full. The Merchant Contract granted MCW a security interest in all of the assets of SCR. The daily credit card collections were to be direct deposited into MCW's bank account through the parties' mutually agreed credit card processor.

3.44 In sum, MCW advanced $975,000 to SCR pursuant to the Merchant Contract

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between March 2007 and July 2007. The Merchant Contract debt was personally guaranteed by defendants Richard Sang, Richie Sang, and Brookes Sang. The advances were as follows: $250,000 in March 2007, $100,000 in April 2007, $250,000 in May 2007, $300,000 in June 2007, and $75,000 in July 2007.

3.45 At the direction of defendants Sang, $675,000 of the advancements were made directly to SCR and $300,000 were made to its related entity Sampson RB LLC.

3.46 Under the terms of the Merchant Contract, any failure by SCR to transfer the daily credit card collections to MCW was an event of default causing the entire principal to be immediately due and owing.

3.47 SCR complied with its obligation to pay the owed daily credit card collections to MCW during the months March to September 2007.

3.48 On or about September 19, 2007, defendant Richie Sang contacted MCW and requested a one-week reprieve from MCW deducting daily credit card collections. MCW granted the requested one-week reprieve.

3.49 During the one-week reprieve, defendant SCR and defendants Sang changed credit card processors for the Stockton and Modesto Mallard's restaurants, nullifying MCW's ability to collect the agreed daily credit card collections. The action by defendants constituted a material breach of the parties' Merchant Contract and addenda.

3.50 SCR stopped paying the daily owed credit card collections on or about September 19, 2007.

3.51 Defendants Sang and SCR ceased returning telephone calls and communications from MCW at this time.

3.52 Defendants closed the Mallard's restaurant in Stockton in October 2007 without any notice to MCW.

3.53 Defendants have not paid MCW any of the principal owed on the Merchant Contract.

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3.54 SCR and the Sang defendants owe MCW $574,984.68 on the Merchant Contract through October 31, 2007.

3.55 The second contract is supported by a Promissory Note that was entered into in July 2007 between MCW and defendants SCR, Richard Sang, Richie Sang, and Brookes Sang.

3.56 Between July 2007 and September 2007, while defendants were still complying with the terms of the Merchant Contract, SCR and the Sang defendants solicited MCW to loan them additional monies for a new venture they were undertaking. MCW loaned SCR $660,000 pursuant to the subsequent agreement and Promissory Note.

3.57 The Promissory Note debt obligation was personally guaranteed by Richard Sang, Richie Sang, and Brookes Sang.

3.58 The payments to SCR or recipients identified by SCR pursuant to the Promissory Note were as follows: $215,000 in July 2007, $310,000 in August 2007, and $135,000 in September 2007.

3.59 At the direction of defendant SCR, $380,000 of these loan payments were made to SCR, $100,000 were made to its related entity Sampson RB LLC, and $180,000 were made to Patricia Read.

3.60 The parties expressly agreed that the rate of interest on the unpaid principal balance of the Promissory Note was to be 20% per annum and was to accrue from July 13, 2007 until all principal is paid in full.

3.61 The Promissory Note expressly required SCR to make monthly interest payments to MCW commencing on July 31, 2007.

3.62 SCR never made a single monthly interest payment as required of them under the Promissory Note. This failure constitutes a default on the Promissory Note.

3.63 MCW has made demands for the monthly interest payments.

3.64 SCR and defendants Sang stopped returning telephone calls and e-mails

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within 48 hours after receipt of the final Promissory Note installment ($135,000) from MCW in September 2007. It was also during this 48-hour period that defendants SCR and the Sangs violated the terms of the Merchant Contract with MCW by wrongfully eliminating MCW's ability to make the daily credit card collections on the Modesto and Stockton Mallards' restaurants.

3.65 SCR closed its restaurant Mallard's in Stockton shortly thereafter without any notice or communication to MCW.

3.66 Upon information and belief, SCR and the Sang defendants intentionally caused the Mallard's in Stockton to fail, did not pay employment or operating or property taxes or rent, and skimmed monies from the restaurant until it could be abruptly closed and defendant could leave with the wrongfully retained monies.

3.67 Per the terms of the Promissory Note, the entire principal is due and owing.

3.68 SCR and the Sang defendants owe MCW $688,801.44 on the Promissory Note as of October 31, 2007.

3.69 Defendant Richard Sang has a criminal history of defrauding lenders and investors in a fashion that is nearly identical to the scheme he perpetrated against MCW.

3.70 The prior charges, to which Richard Sang plead guilty to before the United States District Court for the Western District of Washington in 1991, include allegations that he: a) presented fake tax returns to investors and lenders; b) posed as his own CPA, by the name of William Chinn, in making false representations to investors and lenders; c) opened numerous restaurants under the names of aliases or duped investors and skimmed monies from those restaurants until they had to close and creditors were left with no recourse; d) would not pay any employment or operating taxes on his business until they closed; and e) borrowed monies from lenders and investors under false pretenses with no intention of repayment.

3.71 Defendant Richard Sang was sentenced to 46 months in federal prison for his

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conduct on July 24, 1991, by United States District Judge William Dwyer.

3.72 Defendant Richard Sang was ordered to pay restitution to his victims in the amount of $3,547,959.00 in August 1991.

3.73 Defendants are closing other restaurants and their whereabouts are presently unknown.

IV. FIRST CAUSE OF ACTION: 15 U.S.C. 78j; Section 10b of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder.

4.1 MCW re-alleges and incorporates paragraphs 1.1 through 3.73 as set forth above.

4.2 Defendants SCR, Richard Sang, Richie Sang, and Brookes Sang used interstate telephones and interstate wires to employ a scheme to defraud MCW.

4.3 Defendants SCR, Richard Sang, Richie Sang, and Brookes Sang, in connection with the offer and sale of securities, also made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

4.4 Defendants SCR, Richard Sang, Richie Sang, and Brookes Sang operated with the intent to deceive, manipulate or defraud MCW.

4.5 Defendants SCR, Richard Sang, Richie Sang, and Brookes Sang engaged in acts, practices and/or a course of business which operates as a fraud or deceit upon MCW in connection with the purchase or sale of a security.

4.6 Defendants' use of these manipulative and deceptive devices cause MCW to suffer damages in an amount to be determined at trial.

V. SECOND CAUSE OF ACTION: Washington State Securities Act (RCW §§ 21.20.010 and 21.20.430).

5.1 MCW re-alleges and incorporates paragraphs 1.1 through 4.6 as set forth above.

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5.2 In connection with the offer, sale or purchase of a security, defendants SCR, Richard Sang, Richie Sang, and Brookes Sang employed a device, scheme or artifice to defraud MCW.

5.3 Defendants SCR, Richard Sang, Richie Sang, and Brookes Sang also made untrue statements of material fact and omitted to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading.

5.4 Defendants SCR, Richard Sang, Richie Sang, and Brookes Sang engaged in acts, practices and a course of business that operates as a fraud or deceit upon MCW.

5.5 Defendant Leong was a substantial contributive factor in the sale of the securities.

5.6 As a result of defendants' actions, plaintiff suffered an amount of damages to be proven at trial but in no event less than $1, 263,786.

VI. THIRD CAUSE OF ACTION: BREACH OF CONTRACT

6.1 MCW re-alleges paragraphs 1.1 through 5.6 as set forth above.

6.2 MCW and defendants SCR, Richard Sang, Richie Sang, and Brookes Sang entered into two contracts upon which plaintiff lent and/or advanced these defendants monies in return for repayment of a principal plus interest.

6.3 Defendants SCR, Richard Sang, Richie Sang, and Brookes Sang breached their duties under each of those contracts.

6.4 As a direct result of defendants' breaches, MCW has suffered damages in an amount to be determined at trial but in no event less than $1,263,786.

VII. FOURTH CAUSE OF ACTION: CONVERSION

7.1 MCW re-alleges paragraphs 1.1 through 6.4 as set forth above.

7.2 Defendants SCR, Richard Sang, Richie Sang, Brookes Sang, Amber Sang, Pamela Read, and Sampson RB, LLC, have received, or have been receiving, or otherwise

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benefited from MCW's money, which these defendants knew, or should have known, belongs to MCW.

7.3 Defendants have converted portions of MCW's money to their own use, enjoyment and benefit. These defendants have exercised unlawful dominion and control over MCW's money.

7.4 Defendants have not returned the converted monies to MCW.

7.5 As a result of defendants' wrongful acts and omissions, MCW has been damaged in an amount to be determined at trial but in no event less than $1,263,786.

VIII. FIFTH CAUSE OF ACTION: UNJUST ENRICHMENT

8.1 MCW re-alleges paragraphs 1.1 through 7.5 as set forth above.

8.2 Defendants received and possessed MCW's money in the amounts alleged above.

8.3 Defendants have been unjustly enriched by money properly belonging to MCW in the amount to be determined at trial but in no even less than $1,263,786.

IX. SIXTH CAUSE OF ACTION: FRAUD

9.1 MCW re-alleges paragraphs 1.1 through 8.3 as set forth above.

9.2 Defendants SCR, Richard Sang, Richie Sang, Brookes Sang, George Leong, and Amber Sang made representations of existing fact about SCR's business operations, the Sang defendants' financial backgrounds, and the intended use for the monies provided by plaintiff. These defendants also omitted to inform plaintiff of Richard Sang's criminal fraud history.

9.3 Defendants' representations and omissions were material.

9.4 Defendants' representations were false.

9.5 Defendants knew of the representations' falsity.

9.6 Defendants intended that MCW would act upon their false representations and omission.

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9.7 MCW was unaware of the falsity of the representations and of the omission.

9.8 MCW relied on the truth of the representations and omissions.

9.9 MCW had a right to rely upon the representations and omissions made by defendants.

9.10 As a result of defendants' false representations, MCW suffered damages in an amount to be determined at trial.

X. SEVENTH CAUSE OF ACTION: NEGLIGENT MISREPRESENTATION

10.1 MCW re-alleges paragraphs 1.1 through 9.10 as set forth above.

10.2 In the course of defendant SCR, Richard Sang, Richie Sang, Brookes Sang, and George Leong's business, profession or employment, the defendant provided false information to guide the MCW in a business transaction.

10.3 The MCW justifiably relied on the false information provided by defendants SCR, Richard Sang, Richie Sang, Brookes Sang, and George Leong.

10.4 The MCW's reliance on the false information caused it pecuniary loss.

10.5 Defendants SCR, Richard Sang, Richie Sang, Brookes Sang, and George Leong, in fact, intentionally misled MCW and intentionally provided it false information.

XI. EIGHTH CAUSE OF ACTION: 18 U.S.C. §§ 1961-1968; The Racketeer Influenced and Corrupt Organization (RICO) Act

11.1 MCW re-alleges paragraphs 1.1 through 10.5 as set forth above.

11.2 Defendants SCR, Richard Sang, Richie Sang, and Brookes Sang maintain an interest and/or control of SCR and Sampson RB, LLC, among other entities.

11.3 SCR and Sampson RB, LLC, are enterprises that are engaged in or affect interstate commerce through a pattern of racketeering activity that includes wire fraud, including but not limited to transmissions via facsimile, telephone, and e-mail to MCW in furtherance of defendants' fraud.

11.4 Defendants' enterprise, conduct, and pattern of racketeering activity have

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resulted in injuries to MCW's business or property in excess of $1,263,786.

XII. NINTH CAUSE OF ACTION: PROMISSORY ESTOPPEL

12.1 MCW re-alleges paragraphs 1.1 through 11.4 as set forth above.

12.2 Defendants promised to repay the loans described above in the amounts, at the rates, and under the terms described above.

12.3 Defendants reasonably should have expected plaintiff to change position by loaning money to defendants based upon defendants' promises.

12.4 MCW changed position, loaning money to defendants, based upon defendants' promises.

12.5 MCW's change of position and reliance upon defendants' promises was reasonable and justified.

12.6 Justice requires enforcement of defendants' promises.

XIII. PRAYER FOR RELIEF

1. An award of damages to be proven at trial, including an award of punitive damages to the extent applicable;
2. An award of consequential and/or restitution damages in an amount to be determined at trial;
3. An award of attorney's fees, costs and interest according to statute and contract;
4. Appointment of a limited receiver to investigate and freeze all assets to defendants; and
5. Any other and further relief the Court deems just and equitable.

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Respectfully submitted this 7th day of November, 2007.

SCHWABE, WILLIAMSON & WYATT, P.C.

By: [signature]

David R. Ebel, WSBA #28853
Colin Folawn, WSBA #34211
Attorneys for Plaintiff
Mission Capital Works, Inc.

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EXHIBIT C

EXHIBIT "C"

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LODGED RECEIVED

NOV 09 2007 LK

AT SEATTLE
CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
DEPUTY

07-CV-01807-ORD

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AT SEATTLE
CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
BY DEPUTY

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON

MISSION CAPITAL WORKS, INC., a Washington corporation,

v.

SC RESTAURANTS, INC. a California corporation; RICHARD SANG, an individual; et al.

Case No. C07-1807

BOND OF RECEIVER

Bond No. 10061000

KNOW ALL MEN BY THESE PRESENTS;

THAT We, MISSION CAPITAL WORKS, INC., as Principal and ACCREDITED SURETY & CASUALTY CO. INC., as Surety, are bound to THE DEFENDANTS IN THE ABOVE SHOWN CAUSE, and all interested parties, as Obligee, in the sum of FIFTY THOUSAND DOLLARS ($50,000.00), lawful money of the United States of America, for the payment of which we bind ourselves, our heirs, personal representatives, successors and assigns jointly and severally.

THE CONDITION OF THIS BOND is that if the Principal, who has been appointed as Receiver of certain assets and property as ordered by the Court, performs faithfully all duties of this trust according to law, then this bond is void, otherwise it remains in full force.

Signed, sealed and dated this 9th day of November, 2007.

ACCREDITED SURETY & CASUALTY CO., INC.

By: [signature]
John A. Hanley, Attorney-in-Fact
P. O. Box 53265
Bellevue, WA 98015

PRINCIPAL

By: [signature]
David Ebel, Attorney for Principal

APPROVED BY [signature] on this 13th day of November, 2007.
(Judge/~~Clerk of Court~~)

ACCREDITED SURETY AND CASUALTY COMPANY, INC.
WINTER PARK, FLORIDA
CERTIFIED POWER OF ATTORNEY No. 10061000

KNOW ALL MEN BY THESE PRESENTS: That Accredited Surety And Casualty Company, Inc. herein after referred to as "Accredited" a Florida corporation, having its principal office at 400 Park Avenue South Suite 330, Winter Park, Florida, does hereby make, constitute and appoint:

NICHOLAS A. HANLEY　APRIL REAGAN　WILLIAM R. HANLEY
CYNTHIA GRAY　JOHN A. HANLEY

FILED ENTERED LODGED RECEIVED NOV 09 2007 AT SEATTLE CLERK U.S. DISTRICT COURT WESTERN DISTRICT OF WASHINGTON DEPUTY

Its true and lawful Attorney(s)-in-fact, with full power and authority hereby conferred to each in their separate capacity if more than one is named above, to sign, execute and deliver on its behalf surety bonds and other instruments of similar nature excluding bail bonds not to exceed:

Two Hundred Fifty Thousand Dollars ($250,000)

The acknowledgment and execution of any such document by the said Attorney-in-Fact shall be as binding upon this company as if such bond has been executed and acknowledged by the regularly elected officers of this company. Accredited further certifies that the power is a true and exact copy of the resolution of the Board of Directors of Accredited duly adopted and now in force, to wit: "ALL bonds of the corporation shall be executed in the corporate name of the company by the President, Vice-President, Secretary, or any Assistant Secretary and they may appoint Attorneys-in-fact or agents, who shall have authority to issue bonds in the name of the Company."

IN WITNESS WHEREOF, the said ACCREDITED SURETY AND CASUALTY COMPANY, INC. has caused these presents to be executed by its authorized officer the 11 day of October, 2007

Corporate Seal (ACCREDITED SURETY AND CASUALTY COMPANY, INC. CORPORATE SEAL 1971 FLORIDA)

ACCREDITED SURETY AND CASUALTY COMPANY, INC.

By: Deborah Jallad
Deborah Jallad, President

State of Florida } SS
County of Orange } SS

On this 11 day of October, 2007, before me, a Notary Public, personally appeared the above named officer who is personally known to me and being duly sworn, acknowledged that he signed the above Power of Attorney as President or Vice-President of the said ACCREDITED SURETY AND CASUALTY COMPANY, INC., and acknowledged said instrument to be the voluntary act of said corp

VALERIE M. HARVEY
NOTARY PUBLIC - STATE OF FLORIDA
COMMISSION # DD587735
EXPIRES 8/22/2010
BONDED THRU 1-888-NOTARY1

Valerie M. Harvey
Notary Public, State of Florida

I, the undersigned, officer of Accredited, do hereby certify that this is a true, correct and Certified copy of Power of Attorney, In testimony whereof, I have hereunto set my hand and the seal of Accredited which is still in full force effective this * 9 day of November, 2007. Signed and sealed at the City of Winter Park, Florida.

(ACCREDITED SURETY AND CASUALTY COMPANY, INC. CORPORATE SEAL 1971 FLORIDA)

ACCREDITED SURETY AND CASUALTY COMPANY, INC.

By: Deborah Jallad
Deborah Jallad, President

*IMPORTANT: This date must be filled in before it is attached to the bond and it must be the same date as the bond.
NOTE: For confirmation of this authority, please contact our underwriting Department at 1 888 668 2791.
NOTICE: Originals of this power of attorney are printed on security paper.

EXHIBIT "D"

THE HONORABLE JAMES L. ROBART

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

MISSION CAPITAL WORKS, INC., a Washington Corporation,

Plaintiff,

vs.

SC RESTAURANTS, INC., a California Corporation, RICHARD SANG, an individual, RICHIE J.K. SANG, an individual, BROOKES J.H. SANG, an individual, SAMPSON RB, LLC, a California limited liability company, PATRICIA READ, an individual, GEORGE LEONG, an individual, and AMBER SANG a/k/a AMBER LAO, an individual,

Defendants.

No. C07-1807 JLR

OATH OF RECEIVER

I, EDWARD HOSTMANN, having been appointed as a receiver in the above entitled action, do solemnly swear that I will faithfully perform the duties of a receiver and that I will observe all of the instructions of the above-entitled Court.

DATED this 14 day of November, 2007.

[signature]
Edward Hostmann

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Attorneys at Law
US Bank Centre
1420 5th Ave., Suite 3010
Seattle, WA 98101
Telephone 206.622.1711

UNITED STATES
DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA
SAN DIEGO DIVISION

# 144552 - BH

November 15, 2007
15:19:29

Misc. Case
USAO #.: 07MC0576 MISC. CASE
Amount.: $39.00 CK
Check#.: BC# 19720

Total-> $39.00

FROM: MISC. CASE
MISSION CAPITAL V. SC RESTAURA